

ACC 561 Week 5 Assignment Practice Quiz

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Multiple Choice Question 37

Why are budgets useful in the planning process?

They enable the budget committee to earn their paycheck.

They help communicate goals and provide a basis for evaluation.

They guarantee the company will be profitable if it meets its objectives.

Multiple Choice Question 44

A common starting point in the budgeting process is

a clean slate, with no expectations.

expected future net income.

past performance.

to motivate the sales force.

Multiple Choice Question 48

Which of the following statements about budget acceptance in an organization is true?

The most widely accepted budget by the organization is the one prepared by top management.

Budgets are hardly ever accepted by anyone except top management.

The most widely accepted budget by the organization is the one prepared by the department heads.

Budgets have a greater chance of acceptance if all levels of management have provided input into the budgeting process.

Multiple Choice Question 38

What is budgetary control?

The process of providing information on budget differences to lower level managers

Another name for a flexible budget

The degree to which the CFO controls the budget

The use of budgets in controlling operations

Multiple Choice Question 44

The comparison of differences between actual and planned results

is done by the external auditors.

appears on the company's external financial statements.

is usually done orally in departmental meetings.

appears on periodic budget reports.

Multiple Choice Question 45

A static budget

should not be prepared in a company.

is useful in evaluating a manager's performance by comparing actual variable costs and planned variable costs.

shows planned results at the original budgeted activity level.

is changed only if the actual level of activity is different than originally budgeted.

Multiple Choice Question 93

A responsibility report should

show only those costs that a manager can control.

only show variable costs.

only be prepared at the highest level of managerial responsibility.

be prepared in accordance with generally accepted accounting principles.

Multiple Choice Question 99

Which responsibility centers generate both revenues and costs?

Only profit centers

Profit and cost centers

Cost and investment centers

Investment and profit centers

Multiple Choice Question 100

The linens department of a large department store is

an investment center.

not a responsibility center.

a profit center.

a cost center.

Multiple Choice Question 39

What is a standard cost?

The total number of units times the budgeted amount expected

Any amount that appears on a budget

The amount management thinks should be incurred to produce a good or service

The total amount that appears on the budget for product costs

Multiple Choice Question 48

Using standard costs

increases clerical costs.

makes employees less "cost-conscious."

provides a basis for evaluating cost control.

makes management by exception more difficult.

Multiple Choice Question 80

Unfavorable materials price and quantity variances are generally the responsibility of the

Price

Quantity

Production department

Purchasing department

Production department

Production department

Purchasing department

Purchasing department

Purchasing department

Production department

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